VENEZUELA - Terminal Crisis of the Rentier Petro-State Model?

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Over the 15 years of the Bolivarian government in Venezuela, significant changes have taken place in the political culture, the social and organisational fabric, and the material living conditions of previously excluded low-income groups. Through multiple social policies (known as “missions”) aimed at different sectors of the population, levels of poverty and extreme poverty have been reduced significantly. According to ECLAC, Venezuela has become – together with Uruguay – one of the two countries with the lowest levels of inequality in Latin America [1]. People are better fed [2] Effective literacy programmes have been carried out. With Cuban support, the *Barrio Adentro* mission has brought primary medical care to rural and urban low-income groups throughout the country. The state pensions system has been massively expanded to include millions of older people. The increase in university enrolment has been equal y extraordinary. For the last few years, a housing programme for people with low incomes has been taken forward. Unemployment has been kept at a low level and informal-sector employment has been reduced from 51% in mid-1999 to 41% in mid-2014. [3] The amount spent on social investment between 1999 and 2013 is estimated to total some US$650 billion [4] According to the UNDP, Venezuela’s Human Development Index rose from 0.662 in the year 2000 to 0.748 in 2012, taking the country’s human development ranking from medium to high [5].

This has been a time of dynamic grassroots organising and participation, with the setting up of Water Committees and Community Councils, Health Committees, Urban Land Committees, Communal Councils, Communes… Most of this organisational dynamism was the result of government policies expressly aimed at promoting these processes. Equal y important has been the weight of Venezuela’s experience – particularly its constitutional process – in the progressive shift or turn to the left that has taken place in Latin America over these years. Its influence has also been important in the setting up of various regional integration mechanisms – UNASUR, CELAC, Petrocaribe, ALBA – that have strengthened the region’s autonomy and lessened its historical dependence on the United States.

Nevertheless, the social changes that have taken place were not the result of equal y profound changes in the country’s economic structure. On the contrary, the last fifteen years have seen a consolidation of the rentier state model, with an increased dependency on revenue from oil exports. Oil’s share of total export value rose from 68.7% in 1998 to 96% in the last few year [6]. The value of non-oil exports and private sector exports has fallen in absolute terms during this time [7] Industry’s contribution to GDP shrank from 17% in 2000 to 13% in 2013 [8] The significant progress achieved in social indicators is the consequence of a very important re-orientation in how oil proceeds are distributed, with clear priority being given to responding to the needs and demands of low-income groups. This however means that these policies are extraordinarily vulnerable to fluctuations in oil revenues. They also they generate growing expectations that can only be met if there is a continuing sustained rise in oil revenue.

Moreover, while these social policies and successive wage rises have notably increased people’s purchasing power, this sustained increase in demand has not been accompanied by a proportionate increase in the domestic production of goods. The resulting gaps between supply and demand have to be filled by ever-increasing imports. Over these years there has been remarkably little theoretical debate about what a post-capitalist society might look like in the twenty-first century and how the relations

between the state, the market and organised civil society could or should take shape, including a critical evaluation of the experiences of twentieth-century socialism. An informed and reflective reading of the post-capitalist potentials and limitations of the transformations currently under way in China, Vietnam and Cuba has been similarly absent. Of course, this is not a problem particular to Venezuela. It is one more expression of the situation of the left everywhere in the world, which has demonstrated its lack of credible responses to the current global crisis and the way in which this crisis has been taken advantage of to push forward increased restrictions on democracy and an ever greater concentration of wealth and power. In the absence of more systematic or strategic thinking and research on post-capitalist alternatives, two types of proposals by the Venezuelan government have dominated the political discourse. The first is the automatic identification of socialism with statism (state ownership and/or state control [9]. As soon as any enterprise is brought under state ownership, it immediately starts to be called a "socialist enterprise". Many of the industrial and agricultural enterprises brought under state control have since been managed less efficiently and their production levels have fal en. This is the result of excessive bureaucracy, continual labour disputes, and sales prices for their products that are out of line with production costs. They also suffer from a lack of investment, not just for maintenance but to update technology in factories where – in cases such as steel and aluminium production – levels of deterioration and obsolescence are remarkable [10]. Compounding all this is corruption [11]. Consequently, many of these enterprises are operating at a loss and only survive thanks to injections of funds coming from oil revenues.

The second tendency by the Bolivarian government has been to identify post-capitalism with the *communal state*.The notion of the communal state has operated more in the arena of discourse and as a way of promoting a wide range of arrangements for grassroots political organising, rather than as a process of transition towards decentralised ways of organising production, or as part of processes of self-government for society's grassroots. Government policies to encourage and finance various types of grassroots organisations, especially the Communal Councils and Communes, have generated contradictory consequences in these organisational processes. On the one hand, they have promoted levels of popular organising hitherto unknown in the country's history and transferred huge quantities of funding to communities to enable them to address and solve their problems – roads, housing, productive activities, etc – as wel as helping to strengthen the communities' social fabric. However, as a result of the reaffirmation of the historical state-centred logic of the rentier petro-economy, the grassroots organisations tend to depend directly on transfers of state funds. Thus, the possibilities for these grassroots community arrangements to become consolidated and autonomous, as an alternative to state structures, have been blocked. In addition, through this same channel, the corruption associated with the power struggles over the distribution of oil proceeds has also reached society's grassroots. After 15 years, the weight of the so-called social economy continues to be insignificant. Despite these difficulties and obstacles, there are many grassroots experiences which, although they are in the minority, have managed to take full advantage of these organisational and financial boosts. Above all, they have been nourished by the politicisation and activism that has cut across Venezuelan society over these years, and used it to carry out community processes that are extraordinarily rich and autonomous. They are living examples of what is possible at the grassroots level.

An oil economy

Venezuela has the largest reserves of oil in the world. Major plans to expand the oil industry, especial y in the Orinoco Belt, have been announced repeatedly in recent years. To achieve this, the government has encouraged a very large-scale involvement of international corporations, both public and private, with Chinese companies having a major presence. Venezuela has also negotiated large loans (once again especially from China) [12], which are used both to maintain current spending and to fund infrastructure and expansion projects for the oil industry. The *Plan de la Patria,* original y presented by Hugo Chávez in the 2012 election [13] and formally approved by the National Assembly as the present government's programme, has as one of its five main goals the transformation of Venezuela into a great energy power and double oil production to reach six mil ion barrels per day by 2019 [14]. Fortunately for the planet, however, and despite the huge investments made, oil production today is somewhat lower than it was in 1998 [15].

One of the most serious problems confronting the Venezuelan economy is the ongoing historical over-valuation of the currency and the so-called *Dutch disease*. Imports account for such a large share of the economy that if the currency were to be devalued to a more reasonable level, it would inevitably cause an even greater surge in inflation. Consequently, apart from oil, practically everything is cheaper to import than to produce in Venezuela. This has generated serious consequences and distortions, which continue today. Firstly, it undermines efforts to promote domestic production, whether in the public, private or social economy sector. It also implies a permanent and unsustainable haemorrhaging of highly subsidised foreign currency, to pay for imports of food and other basic consumer goods, intermediate inputs and supplies, as well as luxury items and tourism abroad. Successive bureaucratic-administrative mechanisms created to control the use of subsidised foreign exchange have led to severe bottlenecks in imports, with a significant impact on prices and the availability of products as wel as massive levels of corruption. According to Edmeé Betancourt, president of the Venezuelan Central Bank at the time, of the total of US$59 billion in subsidised foreign exchange al ocated in 2012, some US$20 billion went to “shell companies” – an “artificial demand” “unrelated to productive activities” [16]. Generous social policies, food subsidies and intensive food imports by the state, the massive gasoline subsidy [17], the transfers of funds to public enterprises that in some cases do not produce enough even to cover their own staff payrol costs, and the sustained increase in public sector employment, together with the oil industry’s investment requirements, all implies a constant and ever-growing pressure on public expenditure and **increasing** demands of foreign currency.

Growing discontent among large sectors of the population

There are various reasons why growing levels of discontent have been brewing among large sectors of the population, especial y opposition supporters. Inflation has eroded purchasing power and has even reversed some of the gains in consumption capacity achieved over this time [18].The widespread scarcity of everyday consumer goods requires people to devote many hours to searching and queuing for these items. Added to this are the constant concerns about safety. According to the United Nations Office on Drugs and Crime, the murder rate in Venezuela in 2012 was 53.7 per 100,000 inhabitants, the second highest rate in the world after Honduras [19].

This economic situation today coincides with a set of new conditions in the political arena.

Over this lengthy period, *chavismo* proved incapable of expanding its support base. On the contrary, it has gradual y been losing it, thanks to policies and discourses that have prioritised political-ideological confrontation and exclusion (“non-socialists not welcome here”) over dialogue and inclusion. Those in government have frequently denounced the entire opposition as coup-fomenting fascists. This friend-or-enemy polarisation was very useful to *chavismo* in the early years as it enabled it to mobilise the grassroots and create and consolidate a solid, committed support base: a *chavista* popular identity. However, it has also contributed to the formation and consolidation of a solid block of opposition, not just to the government but to the very idea of socialism. The project for change has been unable to build bridges with other sectors of society that can in no way be considered oligarchs or fascists. It is difficult for a profound process of societal change to move ahead and become consolidated if half of society – going by election results – does not just fail to identify with that project for change but strongly disagrees with it and, for whatever reason, fears it deeply. The death of Hugo Chávez left a government weakened and lacking his extraordinary charisma and leadership abilities. President Maduro was elected by a margin of less than two percent. In the 2013 municipal election, the government won most local governments and the popular vote, but lost in the country’s main cities, including the Caracas metropolitan district, which are the center of Venezuelan politics.

Difference between the government and the opposition’s share of the vote in elections, 1998-2013

Elections	Gap between government and opposition vote
1998 presidential election	16%
1998 parliamentary election	14%
2000 presidential election	20%
2000 parliamentary election	18%
2004 presidential recall referendum	18.5%
2006 presidential election	25.6%
2007 referendum on constitutional reform	(-2%)
2009 referendum on constitutional amendment	10%
2010 parliamentary election	(-3%)
2012 presidential election	10.76%
2013 presidential election	1.59%
2013 municipal election	7.91%

Figures from the National Electoral Council - http://www.cne.gob.ve/web/index.php

The opposition in Venezuela has always been diverse. In the early years of the Bolivarian government, the most radical right-wing groups – with the support of the US State Department – managed to impose their hegemony on the opposition as a whole, their aim being to overthrow the government through non-electoral means. Those who did not share this objective were blackmailed and accused of legitimating and collaborating with the "dictatorial regime". These groups led the rest of the opposition into a series of failures: the coup of April 2002, the oil strike and business lockout of 2002-2003, and the last-minute withdrawal of its candidates from the parliamentary election. The aim of the latter move was to discredit the government and demonstrate its authoritarian nature, but what it actually did was hand over the National Assembly to the *chavistas*. Every one of these opposition defeats strengthened the government and consolidated its support among low-income sectors. With their ability to mobilise and engage in tenacious daily resistance to the opposition, these groups played a leading role in defeating both the coup d'état and the oil strike. This started to change in 2006. After heated debates, most of the opposition gradually came round to the idea that it was necessary to build a national political support base in order to defeat the government at the ballot box. They agreed on a single candidate for that year's presidential election: Manuel Rosales, who won 37% of the vote. Eventually, they set up the MUD, the Alliance for Democratic Unity. At a time when the opposition had never been more united, they held open primary elections with a high level of participation [20] to choose all the opposition candidates standing for office as president, National Assembly members, governors and mayors.

After being defeated by a very narrow margin in the 2013 presidential election, and refusing to accept the results, Henrique Capriles called for the municipal elections held later in the year to be turned into a referendum to reject President Maduro. The government won the popular vote by a margin of 8%.

After these results, the fierce disagreements at the heart of the opposition were laid bare. For those sectors of the opposition – especial y those represented by Leopoldo López and María Corina Machado – that had always been against participating in elections and disagreed with the leadership of the Unity Alliance, the government's victory in that so-called referendum strengthened their conviction that they were very unlikely to be able to defeat the government in elections in the short or medium term. Taking advantage of the complex economic and social situation the country was in at the time, they saw a way to kill two birds with one stone. Firstly, they sought to take advantage of the government's weakness and the people's discontent at the shortages, inflation and crime to provoke violent confrontations (which had to include deaths), attempting to create a state of ungovernability in order to denounce the government as dictatorial and repressive. According to this political calculation, the protests had to be as violent and politically costly to the government as possible. This seems to be the main reason why, right from the

start, these actions had a minority but well-organised violent component: barricades, Molotov cocktails, snipers, attacks on public buildings, burning of public transport vehicles. The response was not slow in coming: the police and military repression was not widespread but often severe and disproportionate. Global corporate media – often using photos from other countries – then constructed the image these opposition groups sought, describing the protesters as defenceless victims of a repressive government.

Placing itself at the head of this "brave" and "combative" political stance of all-out confrontation with the government, this group also sought to challenge Capriles and the Unity Alliance for the leadership of the opposition.

These acts of violence faced the less radical sectors of the opposition, especially Capriles, with a difficult dilemma. As the protests spread and gained more opposition support, to denounce their violent nature would be to place their own leadership at risk. But equal y, if they did not distance themselves from the acts of violence and these were eventually quashed, they would share the burden of defeat. This was why both Capriles and other opposition leaders maintained an ambiguous position or – as in the case of Acción Democrática and Copei – kept silent or made generic statements carefully designed to avoid taking a stance.

The more radical sectors who justified the violence made it quite clear what the objective of these actions was: "*la salida*" or exit, meaning the overthrow of Nicolás Maduro's government. These are the same groups who have received the most systematic political and financial support over the years from the US State Department, mainly – but not solely – through USAID. These actions are likely to have been planned with the aim of creating a Ukraine-style "orange revolution" scenario. In this they had the unconditional support of the global corporate media, especial y those based in the United States, Spain and Colombia. Given the aggressive policies of the US government in different parts of the world, and considering the important role played by the Bolivarian project in the geopolitical shifts that have taken place in Latin America in recent years, especial y the creation of the new integration blocs (UNASUR and CELAC in particular) that are not control ed by the United States, it is evident that removing the Bolivarian government continues to be a priority for the United States to restore its lost influence in the Americas. Thus, as well as ongoing support for the most radical sectors of the opposition, during this crisis there were repeated pronouncements and threats of sanctions by both Republican and Democrat members of Congress and Secretary of State John Kerry.

Information on the military dimension of these movements remains shrouded in secrecy. The government announced the arrest of three air force generals, fol owed by other members of the armed forces, who were accused of fomenting a coup, but several months later there has been little further information on the matter.

In two months of street barricades, marches both peaceful and armed, and violent clashes with the police and the army, 41 people died, many were wounded and hundreds were arrested, while the material damage wil cost millions. The dead and wounded included opposition activists, members of the security forces, and citizens who had nothing to do with the clashes. It is difficult to determine who is responsible with any degree of accuracy. Venezuela today is a deeply divided society. The two halves of the population who identify with the government or the opposition tend to live in parallel realities. Their sources of information are different. They meet and form their opinions with people who think the same as they do. This creates profound differences, not just in the interpretation of events, but also in views of the events themselves, which are often polar opposites. The interpretations of the events of those months that appeared in opposition and government media could not have been more discordant. For some, what took place were peaceful demonstrations by students and civil society groups protesting about the problems of crime, inflation and shortages affecting the country, and demanding that the government change its policies. These peaceful demonstrations were said to be brutal y repressed by a an authoritarian and militarised government. For others, in addition to the peaceful and spontaneous demonstrations by people expressing their unease with the economic difficulties facing the country, there was a systematic and well-organised plan, involving paramilitaries, to foment as much violence as possible, create a climate of ungovernability and present themselves to the international media as defenceless victims. All this

amounted to a “soft coup”, with foreign support, the ultimate aim of which was to overthrow the government.

It was against this background that the government began a round of talks with the opposition and business leaders, with the aim of discussing both production-related issues (foreign currency allocations, price controls, etc) and the burning political issues of the day. These included the opposition’s demand for a general amnesty law, the release of al those under arrest, and the creation of a National Truth Commission to investigate who was responsible for the acts of violence that had taken place [21]. Most importantly, these negotiations helped to reduce the levels of violence, despite the categorical disagreement publicly expressed by both sides. In spite of these tensions, surveys indicated that most of the country supported the dialogue. The fact that the MUD was official y holding talks with the government meant that the most radical and violent right-wing sectors became somewhat isolated and discredited. For its part, the government did not have it easy in this dialogue process. Firstly, its capacity to respond to the economic difficulties was severely restricted by the financial constraints it faced. Secondly, various groups of activists and militants openly denounced the talks as a betrayal of Chávez’s legacy and demanded a radicalisation of current policies as the way out of this crisis.

President Maduro lacks the leadership abilities that allowed Chávez to forge unity even when the former President proposed policies that provoked resistance among his followers. Furthermore, it is not at all clear what such a radicalisation and shift to the left would entail in the current context of a weakened government and a demobilised *chavista* popular movement. Conventional pronouncements are made on issues as critical and as sensitive as the alarming levels of corruption, in both civilian and military circles, but actions effectively being implemented to tackle them are practically non-existent.

Opposition and government after the defeat of “*la salida*”

The violent confrontations of February and March 2014 ended up weakening both the opposition and the government. The failure of “*la salida*” – the attempt to overthrow the government – led to a deep split in the opposition political bloc. Every opinion pol , even those registering high levels of support for the street protests, found that a very large majority disagreed with the acts of violence. Leaving aside the ambiguity with which they had reacted over the weeks of the most violent clashes, the majority sectors in the opposition alliance, especially Acción Democrática, Primero Justicia and Copei, publicly and repeatedly distanced themselves from these measures and declared that the alternative to Nicolás Maduro’s government had to come about by *peaceful, electoral* and *constitutional* means. Once it became clear that it was impossible to agree on shared political positions, the Democratic Unity Alliance entered into crisis and its general secretary, Ramón Guillermo Aveledo, resigned. At the time of writing this article, negotiations to restructure the opposition alliance were continuing. The discussions that have been made public seem to point to a weaker alliance that operates more as a space for meeting and coordinating certain matters, rather than an organisation capable of joining the entire opposition together political y. Together with the opinion polls, the general public’s limited response to some opposition initiatives and rallying calls in recent months suggests that this new political defeat has eroded much of the credibility the opposition enjoyed among its supporters. This is despite the fact that the reasons for people’s discontent, especially the shortages, inflation and crime, have not gone away. At the moment, the opposition seems to have little ability to provide an outlet for the public’s widespread dissatisfaction with the situation in the country.

Despite having defeated the so-called “*salida*”, the government also came out of it weakened. Its main strength at the moment may lie in the opposition’s weakness and divisions.

Venezuela has a trustworthy electoral system that is not only fully computerised but also has multiple auditing mechanisms. Together with the government’s successive election victories, this helped to ensure that in the past it had sufficient international legitimacy to protect it from the US government’s aggressive destabilisation policies. As a result of frequent arbitrary uses of power and its elastic interpretation of the constitution, however, the government has now lost part of that international legitimacy. It has also strengthened the hand of those who argue that the current institutional structures do not allow for change

through elections [22]. In these circumstances, the global corporate media have ramped up their offensive.

The government lacks both the political and the economic resources that enabled it in the past to respond to critical situations by launching new programmes or missions with a high social impact. The absence of Hugo Chávez has left the government and his party suffering from serious internal tensions, without a leadership strong enough to unite the different factions behind a common purpose. There is much discontent among the *chavista* grassroots.

The economic crisis has worsened. In 2013-2014, the policy of increasing public spending based on oil rents has entered into crisis due to a fiscal deficit that is difficult to determine from the official figures but some analysts estimate at around 15% of GDP. International reserves have been shrinking steadily, and by mid-2014 had fallen to US$21.6 billion, less than half what they were in mid-2008 [23]. The country's external debt practical y doubled between 2008 and 2013 [24]. The loans obtained from China alone total US$50.6 billion, much of which will be paid back in the form of oil [25]. Conditions for the country to obtain foreign loans are increasingly unfavourable and carry ever higher interest rates. Given the large and sustained inflow of foreign exchange from oil exports, it is unlikely that Venezuela will get to the point where it suspends payment to its creditors, but everything indicates that the difficulties in the export sector will tend to worsen. The ongoing increase in the money supply, without a corresponding rise in the supply of goods and services, only helps to aggravate inflationary pressure. The very high rate of inflation in 2013 (56.2%) [26] has not slowed in 2014; on the contrary, it continues to rise. The year-on-year increase in consumer prices between August 2013 and August 2014 was 63.4% [27]. The increase in food prices was even higher. The scarcity of foreign exchange and the bureaucratic obstacles and delays involved in obtaining it, the slowness in paying foreign suppliers, cross-border contraband, the sel ing of price-controlled products that have disappeared from supermarkets at much higher prices in the informal economy, hoarding and speculation have all combined to create a situation of constant shortages of food and other staple consumer goods, personal hygiene products, household goods and medicines. According to the Venezuelan Central Bank, the shortfall of staple goods in the country averaged 29.4% in March 2014. That month, a particularly critical time because of the violence in the streets, the shortfal of some items such as cooking oil, sugar, ground coffee, whole powdered milk, toilet paper and pre-cooked maize flour reached more than 85% [28]The shortage of medicines and medical supplies threatens to cause a public health crisis. Faced with this situation, the government is responding to what it sees as the components of the *economic war* (speculation, hoarding, cross-border contraband): it is introducing new rules for people to apply for foreign exchange, imposing more controls such as inspecting warehouses and vehicles transporting merchandise, and closing the border with Colombia. It is also introducing a fingerprinting scheme to prevent individuals from buying more than a set amount of subsidised products per week and thus prevent these goods from being sold on by speculators or smuggled across the border. Not on the horizon, however, are concrete policies aimed at increasing production and removing the multiple bottlenecks that hamper it.

Clearly, corrective measures need to be taken to respond to the growing economic difficulties the country is facing. These measures do not have to follow the structural adjustment prescriptions of the Washington Consensus. Even so, until policies of a structural nature are defined, it seems essential to take some decisions in the short term. These would include adjusting currency values to stem the haemorrhaging of foreign exchange, restricting the money supply and taking action on gasoline prices. 2014 is probably a particularly favourable year for implementing certain measures considered necessary despite their potential y high political cost at the ballot box. In a country that has had elections or referendums practically every year, the unusually long pause of two years between the 2013 parliamentary election and the municipal elections in 2015 has brought a respite from electoral pressure. Nevertheless, the government seems paralysed. It does not even dare to act on the gasoline price, which is considered absurd by much of the population. If policies to move toward a post-oil, post-rentier state social and productive model were not introduced at times of financial prosperity and broad political legitimacy, it will be even more difficult to put them forward in current circumstances. In the midst of this crisis, President Nicolás Maduro announced a major shake-up of his government to move forward with the expressed goal of overcoming the bourgeois state and to replace top level government officials to launch a new stage in

the Bolivarian project. When the actual reshuffle was finally announced at the start of September, little had actually changed. A new organisational diagram was created which basically regrouped the same ministries as before under the coordination of six new vice-presidents (Productive Economy and Finance; Food Security and Sovereignty; Planning and Knowledge; Social Development and Missions; Political Sovereignty; and Territorial Socialism and Ecosocialism). Nearly all the ministers stayed in their posts or were moved to head other ministries. The most problematic move was the elimination of the Environment Ministry (the first in Latin America), whose portfolio now forms part of the Ministry of Housing, Habitat and Ecosocialism.

Beyond the rentier state, beyond capitalism

In the twenty-first century, the challenges of going beyond capitalism cannot be separated from the equally crucial need to break free from current modes of production, distribution and consumption, and the hegemonic ways in which knowledge is produced in this social order. Among other things, this necessarily involves establishing a new relationship between human beings and the rest of nature, and the creation of a new energy paradigm. The emergence and global primacy of industrial capitalism was based on access to cheap and widely accessible fossil fuels. For the last two and a half centuries, industrial capitalism has managed to turn the immense deposits of these fossil fuels – laid down over millions of years – into the energy that enabled both spectacular economic growth and the rapid destruction of the conditions that make life on this planet possible. This energy paradigm is not a secondary aspect, but an essential constitutive component in how this system of production and way of life has historically taken shape. Nobody is suggesting that the shift to a post-oil society means that all the oil wells can be shut down from one day to the next. Nevertheless, there is an urgent need to take steps and define the route for this essential transition. This imperative is absent from the public policies of practical y every government in the world. Instead, they continue to give priority to economic growth over and above what is required to preserve life. Similarly, Venezuelan government's policies fail to contemplate the need for this transition; on the contrary, they are taking the country's long-term future in the opposite direction.

Most of the main objectives for transforming society that have been formulated in the Bolivarian project, in the text of the constitution and in policy papers and proposals, culminating in the *Plan de la Patria,* cannot be fulfilled by reaffirming the production model that depends solely on oil. Unless this production model is radical y transformed, unless the illusion of unlimited growth is abandoned, unless the planet's limits and the profound crisis of civilisation facing humanity are recognised, and unless the transformation has at its core the transition to a post-oil society, as the essential condition for the very possibility of a post-capitalist society, the key objectives of the process of change proposed by the Bolivarian movement have no possibility whatsoever of being fulfilled. This political process is riddled with deep contradictions between its main stated objectives on the one side, and the systematic reinforcement of the colonial logic of development and the rentier petro-state on the other. The governments stated objectives to transform society include *participatory democracy* and the *communal state*; *national sovereignty*; *food sovereignty*; *pluriculturalism* and the *recognition of the constitutional rights of indigenous peoples*; and the fifth objective of the *Plan de la Patria*, "help to preserve life on the planet and save the human species." These objectives not only clash but are structurally incompatible with a petro-state and a predatory extractivist economy whose revenues are moreover highly concentrated in the hands of the executive. A fuller realisation of grassroots participatory democracy and communal self-government is constrained in this oil-centred economy by the fact that communities lack a productive base of their own and permanently depend on the top-down transfers of funds and policy guidelines from the executive and the governing party. Without autonomy, both in relation to the state and in relation to the market, it is not possible to build a genuine participatory democracy. No matter how much grassroots organising and participation is promoted, we cannot speak of people power democracy if the main decisions about the country's direction are taken at the apex of the highly centralised political, bureaucratic and official structures that characterise the Venezuelan petro-state.

Footnotes

[1] ECLAC. *Anuario Estadístico de América Latina y el Caribe*, Santiago, 2013, p. 79.

[2] United Nations Food and Agriculture Organisation, FAO Regional Office for Latin America and the Caribbean, "Reconocimiento de la FAO a Venezuela", 26 July 2013. http://www.rlc.fao.org/es/paises/venezuela/noticias/reconocimiento-de-la-fao-a-venezuela/

[3] Instituto Nacional de Estadísticas. Fuerza de Trabajo, "Población de 15 años y más ocupada, según sector formal e informal, categoría ocupacional del sector informal y sexo". http://www.ine.gov.ve/index.php?option=com_content&view=category&id=103&Itemid=40#

[4] Jorge A. Giordani, "Testimonio y responsabilidad ante la historia", *Correo del Orinoco*, Caracas, 18 June 2014.

[5] Instituto Nacional de Estadísticas, Índice de Desarrollo Humano http://www.ine.gov.ve/documentos/Social/IndicedeDesarrol oHumano/pdf/Desarrollo_Humano.pdf. According to Venezuela's National Statistics Institute, this is an underestimate, and the real figure for that year would be 0.771.

[6] Banco Central de Venezuela, Información Estadística, Exportaciones e importaciones de bienes y servicios según sectores http://www.bcv.org.ve/c2/indicadores.asp. Part – but only part – of this increase is a consequence of the rise in oil prices during this period.

[7] Banco Central de Venezuela, Información Estadística. Exportaciones e importaciones de bienes y servicios según sectores http://www.bcv.org.ve/c2/indicadores.asp.

[8] Banco Central de Venezuela, Información Estadística. Producto Interno Bruto por clase de actividad económica. http://www.bcv.org.ve/c2/indicadores.asp.

[9] Between mid-1999 and mid-2014, the percentage of workers employed by the public sector rose from 15.5% to 20.7%. Instituto Nacional de Estadísticas, Fuerza de Trabajo, Población de 15 años y más ocupada, según sector empleador, categoría ocupacional y sexo. http://www.ine.gov.ve/index.php?option=com_content&view=category&id=103&Itemid=40#

[10] According to the latest Physical Production Index figures published by the Venezuelan Central Bank, primary steel production in 2011 was only 74.92% of the amount produced in 1997. In the case of aluminium, the fall was even greater, as the amount physical y produced in 2011 was only 52.31% of the amount produced in 1977. Banco Central de Venezuela, Información Estadística, Índice de producción física para algunas actividades económicas. http://www.bcv.org.ve/c2/indicadores.asp

[11] Announcing his decision to investigate the management of PDVSA in charge of fuel distribution, President Nicolás Maduro stated that: "There are very serious signs that mafia groups have links with certain officials in state enterprises. We are going to pursue them and we will punish them with double the severity of normal punishments." "Presidente Maduro ordena intervenir dirección de Pdvsa encargada de distribución de combustible", *Aporrea*, 11 September 2014 http://www.aporrea.org/contraloria/n257519.html.

[12] *The Economist*, Chinese lending to Latin America. Flexible friends, 12 April 2014 http://www.economist.com/node/21600686/print.

[13] http://www.cne.gob.ve/divulgacion_presidencial_2012/programas/V4258228.pdf.

[14] Venezuela's great national consensus on oil is best illustrated by the fact that the government manifesto presented by the opposition candidate in that election, Henrique Capriles, proposed to increase production to exactly the same level of six million barrels per day.

[15] OPEC, *Annual Statistical Bulletin 2001*, 2014, Vienna.

[16] "Presidenta del BCV: Parte de los $59.000 millones entregados en 2012 fueron a 'empresas de maletín'", Aporrea / AVN - www.aporrea.org Caracas, 25 May 2013.

[17] Gasoline is sold in Venezuela at US$0.02 per litre, but in fact is literally free. The state oil company PDVSA not only supplies gasoline to service stations at no cost, but also provides them with an additional subsidy per litre of gasoline in order to cover part of their running costs and profit margin. This represents a huge fiscal burden and effectively acts as a powerful incentive to excessive consumption (waste) and a massive cross-border contraband trade. The price of gasoline in Colombia is 78 times higher than in Venezuela. See: Víctor Álvarez, *El debate para sincerar el precio de la gasolina en Venezuela y la toma de conciencia para avanzar hacia un modelo post-extractivista*, Caracas, 2013. The new president of PDVSA, Eulogio del Pino, estimates that about 100,000 barrels of fuel per day are being smuggled out of the country. "Estiman que cerca de 100.000 barriles de combustibles diarios están siendo contrabandeados", *Agencia Venezolana de Noticias*, Caracas, 13 September 2014.

[18] According to figures from the Venezuelan Central Bank, between mid-1999 (the first year of Hugo Chávez's government) and mid-2007, poverty levels in the country – measured by income – fell from 50% to 33.1% of the population and extreme poverty from 19.9% to 9.4%. From that year onwards, however, the figures have stabilised and no additional reductions were made in subsequent years. In the first half of 2013, an increase in extreme poverty was recorded, undoubtedly as a consequence of the high rate of inflation, with the figure reaching 13.1%. Instituto Nacional de Estadísticas, Pobreza por línea de ingreso, 1er semestre 1997 - 2do semestre 2013. http://www.ine.gov.ve/index.php?option=com_content&view=category&id=104&Itemid=45#.

[19] United Nations Office on Drugs and Crime, *Global Study on Homicide 2013*, Vienna, 2013. p. 24.

[20] 17% of those on the national electoral register participated in these primary elections, which were held with the logistical support of the National Electoral Council.

[21] One of the most remarkable aspects of this dialogue process is that all the participants claimed the backing of the 1999 Constitution, in clear contrast with the opposition's stance on that constitution during the 2002 coup.

[22] One example of these arbitrary uses of power in 2014 was the unilateral decision by the President of the National Assembly, Diosdado Cabello, to remove opposition deputy María Corina Machado from parliament. The reason given was that her (failed) attempt to address the OAS Assembly using Panama's seat meant that she had accepted a position in the service of a foreign government, incompatible with her role as a member of parliament. Equally important is the fact that public officials whose term in office elapsed a long time ago are not being replaced, especially on the National Electoral Council. This is because the government does not have the qualified majority in parliament that al owed *chavismo* in the past to appoint these officials unilaterally, without having to negotiate with the opposition. A further example is the Supreme Court's decision to restrict the right to protest. This unconstitutional measure requires *every* street event to obtain prior permission from the relevant authorities.

[23] Banco Central de Venezuela, Información Estadística, Reservas Internacionales http://www.bcv.org.ve/c2/indicadores.asp.

[24] Banco Central de Venezuela, Información Estadística, Deuda Externa. http://www.bcv.org.ve/c2/indicadores.asp.

[25] Inter-American Dialogue, *China-Latin American Finance Data Base*, http://www.thedialogue.org/map_list; Kevin P. Gallagher, Amos Irwin, Katherine Koleski, *The New*

Banks in Town: Chinese Finance in Latin America, Inter-American Dialogue, Washington, 2012.

[26] Banco Central de Venezuela, Instituto Nacional de Estadísticas, *Índice Nacional de Precios al Consumidor*, http://www.bcv.org.ve/c2/indicadores.asp.

[27] Banco Central de Venezuela, Instituto Nacional de Estadísticas, *Índice Nacional de Precios al Consumidor*, Caracas, 9 September 2014. http://www.bcv.org.ve/Upload/NotasPrensa/inpcago14.pdf.

[28] "BCV reportó que en marzo la escasez se ubicó en 29,4%", *El Universal*, Caracas, 26 April 2014. By September, the availability of many products had improved significantly, even though the problem of shortages has not been solved. The official figures quoted were the most recent at the time of writing.